

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: Kirk-Hughes Development, LLC

Case No. 09-15153

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: May-10PETITION DATE: 04/06/09

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
2. Asset and Liability Structure			
a. Current Assets	\$63,755		
b. Total Assets	\$10,057,101	\$9,997,201	\$9,997,201
c. Current Liabilities	\$2,990		
d. Total Liabilities	\$7,043,088		
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$3,830		\$57,196
b. Total Disbursements	\$2,812		\$0
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$2,990	\$0	\$57,196
d. Cash Balance Beginning of Month	\$3,574		\$0
e. Cash Balance End of Month (c + d)	\$3,113	\$0	\$57,196
4. Profit/(Loss) from the Statement of Operations	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
5. Account Receivables (Pre and Post Petition)	\$1,018		
6. Post-Petition Liabilities	\$60,642		
7. Past Due Post-Petition Account Payables (over 30 days)	\$2,990		
	\$0		

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | XX |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | XX |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | XX |
| 12. Is the estate insured for replacement cost of assets and for general liability? | XX | |
| 13. Are a plan and disclosure statement on file? | | XX |
| 14. Was there any post-petition borrowing during this reporting period? | | XX |
| 15. Check if paid: Post-petition taxes ____; U.S. Trustee Quarterly Fees ____; Check if filing is current for: Post-petition tax reporting and tax returns: ____. | | |
| (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.) | | |

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/24/2010 0:00

/s/ Geraldine Kirk-Hughes
Responsible Individual

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 05/31/10

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$3,830			Revenues:		
		\$0	1 Gross Sales	55,981	
\$3,830		\$3,830	2 less: Sales Returns & Allowances	\$0	
\$0		\$0	3 Net Sales	\$55,981	
\$3,830		\$3,830	4 less: Cost of Goods Sold (Schedule 'B')	\$0	
		\$0	5 Gross Profit	\$55,981	
		\$0	6 Interest		
		\$0	7 Other Income:		
		\$0	8		
		\$0	9		
\$3,830		\$3,830	10 Total Revenues	\$55,981	\$0
			Expenses:		
\$0		\$0	11 Compensation to Owner(s)/Officer(s)	\$0	\$0
\$1,500		(\$1,500)	12 Salaries		
\$0		\$0	13 Commissions	\$0	\$0
\$0		\$0	14 Contract Labor		\$0
			Rent/Lease:		
\$0		\$0	15 Personal Property	\$0	\$0
\$0		\$0	16 Real Property	\$0	\$0
\$0		\$0	17 Insurance	\$0	\$0
\$0		\$0	18 Management Fees	\$0	\$0
		\$0	19 Depreciation		
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
		\$0	23 Other Selling		
\$0		\$0	24 Other Administrative		
		\$0	25 Interest		
\$0		\$0	26 Other Expenses: Mortgage Payment	\$0	\$0
\$225		(\$225)	27 Telephone Service		
\$45		(\$45)	28 Pest Control		
\$219		(\$219)	29 Power		
\$150		(\$150)	30 Alarm Service		
\$417		(\$417)	31 Water		
\$120		(\$120)	32 Lawn Service		
\$136		(\$136)	33 Trash Service		
\$0		\$0	34 Equipment Service Call & Repair		
\$2,812		(\$2,812)	35 Total Expenses	\$0	\$0
\$1,018		\$1,018	36 Subtotal	\$55,981	\$0
		\$0	Reorganization Items:		
		\$0	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
\$0		\$0	43 Total Reorganization Items	\$0	\$0
\$1,018		\$1,018	44 Net Profit (Loss) Before Federal & State Taxes	\$55,981	\$0
		\$0	45 Federal & State Income Taxes		
\$1,018		\$1,018	46 Net Profit (Loss)	\$55,981	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/10

Assets

		<u>From Schedules</u>	<u>Market Value</u>
Current Assets			
1	Cash and cash equivalents - unrestricted		\$3,113
2	Cash and cash equivalents - restricted		\$0
3	Accounts receivable (net)	A	\$60,642
4	Inventory	B	\$0
5	Prepaid expenses		\$0
6	Professional retainers		\$0
7	Other: _____		
8	_____		
9	Total Current Assets		\$63,755
Property and Equipment (Market Value)			
10	Real property	C	\$9,988,346
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles 2007 Power Boat	D	\$5,000
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$9,993,346
Other Assets			
22	Loans to shareholders		\$0
23	Loans to affiliates		\$0
24	_____		
25	_____		
26	_____		
27	_____		
28	Total Other Assets		\$0
29	Total Assets		\$10,057,101

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		\$1,500
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		\$0
34	Sales taxes		\$0
35	Notes payable (short term)		\$0
36	Accounts payable (trade)	A	\$0
37	Real property lease arrearage		\$0
38	Personal property lease arrearage		\$0
39	Accrued professional fees		\$0
40	Current portion of long-term post-petition debt (due within 12 months)		\$0
41	Other:		\$1,490
42			
43			
44	Total Current Liabilities		\$2,990
45	Long-Term Post-Petition Debt, Net of Current Portion		\$0
46	Total Post-Petition Liabilities		\$2,990

Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$5,590,000
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$1,450,098
50	Total Pre-Petition Liabilities		\$7,040,098
51	Total Liabilities		\$7,043,088

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$0
53	Capital Stock		\$0
54	Additional paid-in capital		\$0
55	Cumulative profit/(loss) since filing of case		
56	Post-petition contributions/(distributions) or (draws)		\$0
57			
58	Market value adjustment		
59	Total Equity (Deficit)		\$0
60	Total Liabilities and Equity (Deficit)		\$7,043,088

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings

0 -30 Days
31-60 Days
61-90 Days
91+ Days
Total accounts receivable/payable
Allowance for doubtful accounts
Accounts receivable (net)

<u>Accounts Receivable</u> <u>[Pre and Post Petition]</u>	<u>Accounts Payable</u> <u>[Post Petition]</u>
\$5,160	
\$5,295	
\$3,755	
\$45,932	
\$60,642	\$0
\$60,642	

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)

Inventory(ies)
Balance at
End of Month

Retail/Restaurants -
Product for resale

Distribution -
Products for resale

Manufacturer -
Raw Materials
Work-in-progress
Finished goods

Other - Explain

TOTAL

\$0

Cost of Goods Sold

Inventory Beginning of Month

Add -
Net purchase
Direct labor
Manufacturing overhead
Freight in
Other:

Less -
Inventory End of Month
Shrinkage
Personal Use

Cost of Goods Sold

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____
Monthly _____
Quarterly _____
Semi-annually _____
Annually _____

Date of last physical inventory is

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost _____
LIFO cost _____
Lower of cost or market _____
Retail method _____
Other _____
Explain _____

**Past Due
Post Petition Debt**

\$0

\$0

**Schedule C
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Multi-Unit Storage Facility		\$1,346,360
10 Acres Rual Land with Single-Family Dwelling		\$741,986
18 Acres of Undeveloped Residential Tract Zoned Land		\$4,900,000
50 Acres of Undeveloped Lake-Front Land		\$3,000,000
Water rights of 3 cubic feet per second for the benefit of the above-referenced 578 acres of real property		
Total	\$0	\$9,988,346

**Schedule D
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)	\$5,590,000	\$5,590,000
Priority claims other than taxes	\$0	
Priority tax claims	\$0	
General unsecured claims	\$1,450,098	\$20,000

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of Nevada			
Account Type	Operating			
Account No.	7501123659			
Account Purpose	Operations			
Balance, End of Month	\$3,113			
Total Funds on Hand for all Accounts	\$3,113			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/10**

		Actual
		<u>Current Month</u>
Cash Receipts		
1	Rent/Leases Collected	\$3,830
2	Cash Received from Sales	\$0
3	Interest Received	\$0
4	Borrowings	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0
6	Capital Contributions	\$0
7		
8		
9		
10		
11		
12	Total Cash Receipts	\$3,830
Cash Disbursements		
13	Payments for Inventory	
14	Selling	
15	Administrative	
16	Capital Expenditures	
17	Principal Payments on Debt	
18	Interest Paid	
	Rent/Lease:	
19	Personal Property	
20	Real Property	
	Amount Paid to Owner(s)/Officer(s)	
21	Salaries	
22	Draws	
23	Commissions/Royalties	
24	Expense Reimbursements	
25	Other	
26	Salaries/Commissions (less employee withholding)	\$1,500
27	Management Fees	
	Taxes:	
28	Employee Withholding	
29	Employer Payroll Taxes	
30	Real Property Taxes	
31	Other Taxes	
32	Other Cash Outflows:	\$1,312
33		
34		
35		
36		
37		
38	Total Cash Disbursements:	\$2,812
39	Net Increase (Decrease) in Cash	\$1,018
40	Cash Balance, Beginning of Period	\$3,574
41	Cash Balance, End of Period	\$3,113